



News Analysis (02 Feb, 2019)

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Interim Budget 2019: Constitutional Provisions and Social Sector

Constitutional Provisions

- According to **Article 266** of the Constitution, **Parliamentary approval** is required to draw money from the **Consolidated Fund of India**.
- Besides, **Article 114 (3) of the Constitution** stipulates that **no amount can be withdrawn** from the Consolidated Fund without the **enactment of a law (i.e. Appropriation bill)**.
- The passing of Appropriation bill **takes time** and usually goes on till the end of April. But the government needs money to carry on its **normal activities after 31st March (the end of the financial year)**.
- To overcome this functional difficulty, the **Article 116 of the Constitution** has authorised the Lok Sabha to make any grant in advance in respect to the estimated expenditure for a part of the financial year, pending the completion of the voting of the demands for grants and the enactment of the appropriation bill. This provision is **known as the 'vote on account'**.
- Vote on Account was frequently used until 2016 when the Budget was presented on the last working day of February.
- However, **since 2017**, the budget presentation date was **advanced to February 1**. This helped the government to use almost 2 months time to get the full-budget passed in the same financial year.
- Since 2017, Vote on Account is **not usually used** as part of the government budgeting process, unless in **special cases** like an **election year**.
- An outgoing government presents only an interim Budget or seeks a vote on account.
- An **Interim Budget is not the same as a 'Vote on Account'**. While a 'Vote on Account' deals **only with the expenditure side** of the government's budget, an Interim Budget is a **complete set of accounts, including both expenditure and**

receipts.

- However, the estimates are presented for the entire year, as is the case with the regular Budget. Having said this, the **incoming government** has full freedom to **change the estimates completely** when the final Budget is presented.

Social Sector

• Health

- For the government's ambitious flagship scheme for universal health insurance, **Ayushman Bharat**, the government has **increased** the allocation by **166% over past year (Rs 6,400 crore from Rs 2,400 crore)**.
- An additional allocation of Rs 250 crore is provided under the **National Urban Health Mission** for building **wellness centres**.
- Allocation to the **Rashtriya Swasthya Bima Yojna**, which provides health insurance to families below the poverty line, **increased by 142%**.
- Setting up of a new - the **22nd AIIMS in Haryana announced**.
- Allocation for **Integrated Child Development Scheme (ICDS)** is being increased from Rs.23,357 crore in 2018-19 to Rs.27,584 crore in 2019-20.
- The allocations for **National Health Mission** that covers various health services such immunization, neonatal care, ASHA workers, Vector Borne Diseases, TB, Leprosy and communicable disease **grew 3.46%**.
- Swachh Bharat Mission's allocation **decreased** to Rs 12,750 crore from Rs 16,978 crore last year.

• Poor, Backward and Vulnerable Sections

- **25% additional seats in educational institutions** to meet the 10% reservation for the poor.
- Targeted expenditure to bridge urban-rural divide & to improve quality of life in villages. The Government to make 1 lakh villages into **Digital Villages** over next five years.
- All willing households to be provided electricity connections by March 2019
- A **new committee under NITI Ayog** to identify all the **remaining De-notified nomadic and semi-Nomadic tribes**.
- **New Welfare development Board under Ministry of social justice** and empowerment for development and welfare of De-notified nomadic and semi nomadic tribes.

• Education

- The fund allocation for the **National Education Mission has been increased by about 20%**. The four prominent schemes under National Education Mission are: **Sakshar Bharat, Sarva Shiksha Abhiyan, Rashtriya Madhyamik Shiksha and Teacher training programs**.
- National programme on **Artificial Intelligence (AI)** has been envisaged by the government, which also includes education and training of youths for AI-related

jobs.

Interim Budget 2019: Infrastructure and Economy

Interim budget 2019 has following proposal for Economy and Infrastructure.

Infrastructure

- **Defense Sector**

- The allocation for Defence in this year's interim budget has increased **to Rs. 3.18 lakh crore.**
- There is a hike in defense budget considering the mega defense tenders are in the pipe as **part of military modernization.**
- The defense budget of India will be crossing Rs.3,00,000 crore for the first time in 2019-20.

- **Textile Sector**

- Two major schemes implemented by the Ministry of Textiles — **the Amended Technology Upgradation Fund Scheme and the Remission of State Levies** — have seen lower allocation for 2019-20. Allocation for the textiles sector in the Interim Budget has been reduced by over ₹1,000 crore.
- **Amended Technology Upgradation Fund Scheme**
 - The Technology Upgradation Fund Scheme was introduced by the Government in 1999 to facilitate new and appropriate technology for making the textile industry globally competitive and to reduce the capital cost for the textile industry.
 - In 2015, the government approved "Amended Technology Upgradation Fund Scheme (ATUFS)" for technology upgradation of the textiles industry.

- **Railways**

- In the interim budget 2019, Railways has been allocated ₹1.5 lakh crore for the year 2019-20, This is the highest-ever allocation for the Indian Railways.
- **Vande Bharat Express (Previously known as Train-18)**

The government has introduced Vande Bharat Express which is the first indigenously developed and manufactured semi high-speed train.

- **Micro Small And Medium Enterprises (MSME)**

- Interim budget has proposed that **GST-Registered SME units will get 2% interest rebate on the incremental loan of Rs. 1 crore.** MSME sector will get a major boost from this proposal.
- The budget has also proposed extending the government eMarketplace (GeM) platform to MSME's to support domestic services and trade. This will benefit MSMEs that are based in rural areas.

Economy

- **Direct Taxes**

- Interim budget has proposed that Individual taxpayers having taxable annual income up to Rs.5 lakhs will not be required to pay any income tax.
- The government also released data on taxpayers and tax revenue stating that the tax collections has increased significantly from Rs 6.38 lakh crore in 2013-14 to almost Rs 12 lakh crore this year.
- The number of returns filed has also increased from 3.79 crores to 6.85 showing 80% growth in the tax base
- **Reasons for widening tax base are**
 - the **demonetization**
 - increase in the use of **digital technology** for information collection
 - the movement towards **digital assessment** and a decrease in the number of cases being picked up for scrutiny
 - and the **ease of getting the refund**, majorly by small and medium taxpayers.

- **Growth and Foreign Direct Investment**

- Due to Goods and Services Tax (GST) and other tax reforms, there is a potential for high growth in the future. The GST reforms have resulted in an increased tax base, higher collections, and ease of trade.
- The finance minister has said that the country is poised to become a USD 5-trillion economy in the next five years and aspires to become a USD 10-trillion economy in the next 8 years thereafter.
- India attracted as much as \$239 billion of Foreign Direct Investment (FDI) during the last 5 years.
- The GST collection has fallen short of the budget target by Rs. 1 lakh crore for 2018-19.
- There is also a highest ever allocation of Rs 58,166 crore for North Eastern Areas, single window clearance for Indian filmmakers at par with foreigners and higher budgetary allocations for Education, Health, Infrastructure.

Vision of India For 2030

1. To build social as well as physical infrastructure and to provide ease of living
2. To create digital India, digitize government processes with leaders from youth
3. Making India pollution free by leading transport revolution with electric vehicles and focus on renewables
4. Expanding rural industrialization using modern digital technologies
5. Clean rivers, safe drinking water to all Indians and use of micro-irrigation
6. Besides scaling up of Sagarmala, coastline and ocean waters powering India's development and growth

7. Aim for India's space programme becoming the launch pad of satellites for the world.
 8. Making India self-sufficient in food, exporting to the world to meet their food needs
 9. A healthy India via Ayushman Bharat with women having equal rights and concern for their safety and empowerment
 10. Transforming India into a "minimum government maximum governance" nation with proactive and responsible bureaucracy.
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Interim Budget 2019 : Rural Sector

Interim Budget 2019 has following proposals in Rural sector:

Agriculture and Allied Sector

- **Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)**
 - The Government will launch the **Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)** to provide an assured income support to the small and marginal farmers.
 - This scheme is **along the lines** of **Rythu Bandhu scheme of Telangana** which offers ₹10,000 per acre a year to all farmers, excluding tenant farmers and the **Krushak Assistance for Livelihood and Income Augmentation (KALIA) scheme of Odisha** which offers direct benefit cash transfer of ₹25,000 for a farm family over five seasons to small and marginal farmers.
 - Under this programme, vulnerable landholding farmer families, having cultivable land upto 2 hectares, will be provided direct income support at the rate of Rs. 6,000 per year.
 - This income support will be transferred directly into the bank accounts of beneficiary farmers, in three equal instalments of Rs. 2,000 each.
 - This programme will entail an annual expenditure of Rs.75,000 crore which will be funded by Government of India. Around 12 crore small and marginal farmer families are expected to benefit from this.
- Government has announced the setting up of a '**Rashtriya Kamdhenu Aayog**' to upscale the sustainable genetic upgradation of cattle resources and to enhance the production and productivity of cows. The Aayog will also look after effective implementation of laws and welfare schemes for cattle.
- Rs 750 crore has been allocated under the **Rashtriya Gokul Mission (RGM)** which is **aimed at conserving indigenous Indian breeds of cattle through selective breeding.**
- To provide sustained and focused attention towards development of fisheries sector, the Government has decided to **create a separate Department of Fisheries.**

Rural Infrastructure

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- Pushing rural infrastructure in the new financial year, **union budget of 2019-20 allocated Rs 19,000 crore against Rs 15,500 crore in revised estimates of 2018-19** for development of roads in rural and backward area under **Pradhan Mantri Gram Sadak Yojana (PMGSY)**.

PMGSY was launched in 2000 to provide all-weather road connectivity to unconnected villages in India.

- Government will make **one lakh villages into Digital Villages** over next five years which will be achieved by **expanding the Common Service Centres (CSCs)**.

MGNREGA

- The **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)** scheme was **allocated only ₹60,000 crore for 2019-20**, slightly lower than its revised estimate of ₹61,084 crore for 2018-19.
- According to activists, the funding crunch is resulting in difficulties in meeting the demand for work, as well as delayed payment of wages to workers.

Pension Scheme

- The Centre has allocated **₹500 crore for a new pension scheme for workers** in the unorganised sector, while reducing its allocation for an **existing pension scheme National Social Assistance Programme (NSAP)** (a pension scheme administered by the Ministry of Rural Development) from ₹9,975 crore in the 2018-19 Budget to ₹9,200 crore for 2019-20.
- The new scheme, to be called the **Pradhan Mantri Shram-Yogi Maandhan**, will benefit unorganised sector workers who have a monthly income up to ₹15,000. It will provide them a monthly pension of ₹3,000 from the age of 60.
- Workers will contribute an amount ranging from ₹55 to ₹100 each month, depending on their age, at the time of joining the scheme, while the government will deposit a matching contribution. The Centre expects 10 crore workers to get the benefit within the next five years.

Important Facts for Prelims (2nd February 2019)

Giant cavity in Antarctic glacier

- NASA scientists have discovered a gigantic cavity, almost 300 meters tall, growing at the bottom of the Thwaites Glacier in West Antarctica.
- Cavity indicates rapid decay of the ice sheet and acceleration in global sea levels due to climate change.

- The cavity was revealed by ice-penetrating radar in NASA's Operation IceBridge, an airborne campaign beginning in 2010 that studies connections between the polar regions and the global climate.
- Thwaites Glacier is currently responsible for about 4% of global sea level rise.

Intermediate-range Nuclear Forces Treaty

- The United States has suspended the Intermediate-Range Nuclear Force Treaty with Russia.
 - The treaty was signed in December 1987 by US President Ronald Reagan and Soviet General Secretary Mikhail Gorbachev.
 - It prohibited the United States and the Soviet Union from possessing, testing and deploying ground-launched cruise and ballistic missiles of ranges between 500 and 5,500 kilometers.
 - It also covered all land-based missiles, including those carrying nuclear warheads but did not cover sea-launched missiles.
 - The objective of this treaty was to end the arms race between the two superpowers US and USSR.
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